

# Section 402 American Recovery & Reinvestment Act

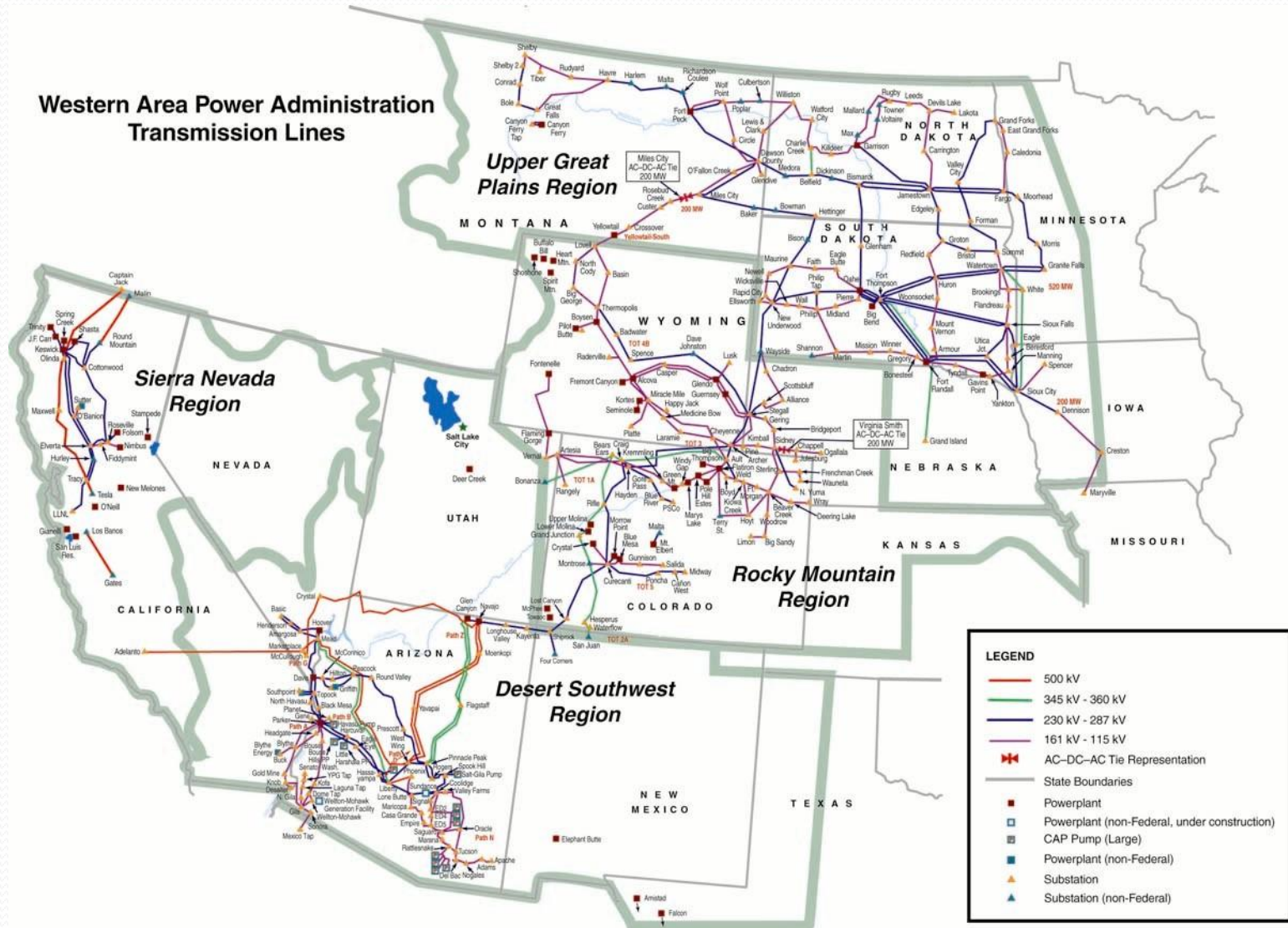
Western Area Power Administration's  
Transmission Infrastructure Program

# Recovery Act – Section 402

- Authorizes Western's Administrator to:
  - ✓ Construct    ✓ Finance    ✓ Facilitate
  - ✓ Plan            ✓ Operate    ✓ Maintain
  - ✓ Study construction
- New/upgraded transmission
- Facilitate delivery of renewable energy to markets

# Western's service territory

## Western Area Power Administration Transmission Lines



# Legislative authority & requirements

- Authorized to borrow funds from Treasury
- Use a public process to develop practices and policies to implement authority
- Use a public process to help identify potential projects and participants

# Ideas for projects

- 200+ submissions (most requested confidentiality)
- Large and small projects (230, 345, 500, 765 kV)
- AC and DC
- Interstate transmission and generator tie lines
- Construction ready, in development and longer-term
- Technology, study and other requests

# Recent work

## Program

- Analyzed comments and prepared notice of the final program
- Outlined final program on May 14, 2009
- Hired program staff
- Completed internal business systems adjustments
- Set up borrowing arrangements with Treasury
- Reviewing submissions on potential projects, gathering more info as needed
- Identifying projects that are ready for construction now

# Program components

## Objectives:

- Encourage non-Federal Participation
- Leverage Borrowing Authority

## Components

- Program Principles
- Project Funding
- Project Evaluation
- Project Development and O&M
- Project Rates and Repayment

# Program Principles

Each project:

- Public Interest
- System reliability, ops, statutory obligations
- Proceeds adequate for cost recovery
- Public process for Western rates
- Obtain and deliver ancillary services
- Repay principal, interest of Treasury loan

# Program Principles, con't.

## Program:

- Provides participation opportunity for others
- Uses project revenues as only source to:
  - Repay associated loan
  - Pay ancillary services, O&M expenses
- Maintain controls for accounting, repayment to ensure separate, distinct treatment
- Ensures project beneficiaries repay project costs

# Project evaluation criteria

- Facilitates delivery of renewable energy to market
- Is in the public interest
- Won't adversely impact system reliability, etc.
- Project will generate enough revenue to repay costs
- At least one terminus in Western's territory
- Economic benefits, including jobs
- Satisfies Western's OATT
- Technically feasible
- Partners' financial stability and capability
- Project readiness
- Participation in regionwide/interconnectionwide transmission planning

# Next steps

## Projects

- Reviewing project submissions to determine priority for potential partnership discussions
- Continuing initial participation discussions
- Negotiate participation agreements
- Begin/continue project development

## Program

- Complete staffing
- Develop project plans
- Develop program operating procedures and policies

# Western Arizona Renewables Project

- 4 potential elements:
  - 2 500-kV lines
  - 2 potential double circuit 500/230-kV
- Phased development—based on element “readiness”
- All elements and variations thereof identified through statements of interest public process
- All elements previously identified in AZ utilities’ 10-year plans
- All elements would involve participation by multiple entities
- All elements would facilitate delivery of renewables to market

# WARP elements

## A—Palo Verde-North Gila

- 500-kV, 100 miles

## B—Palo Verde-Blythe

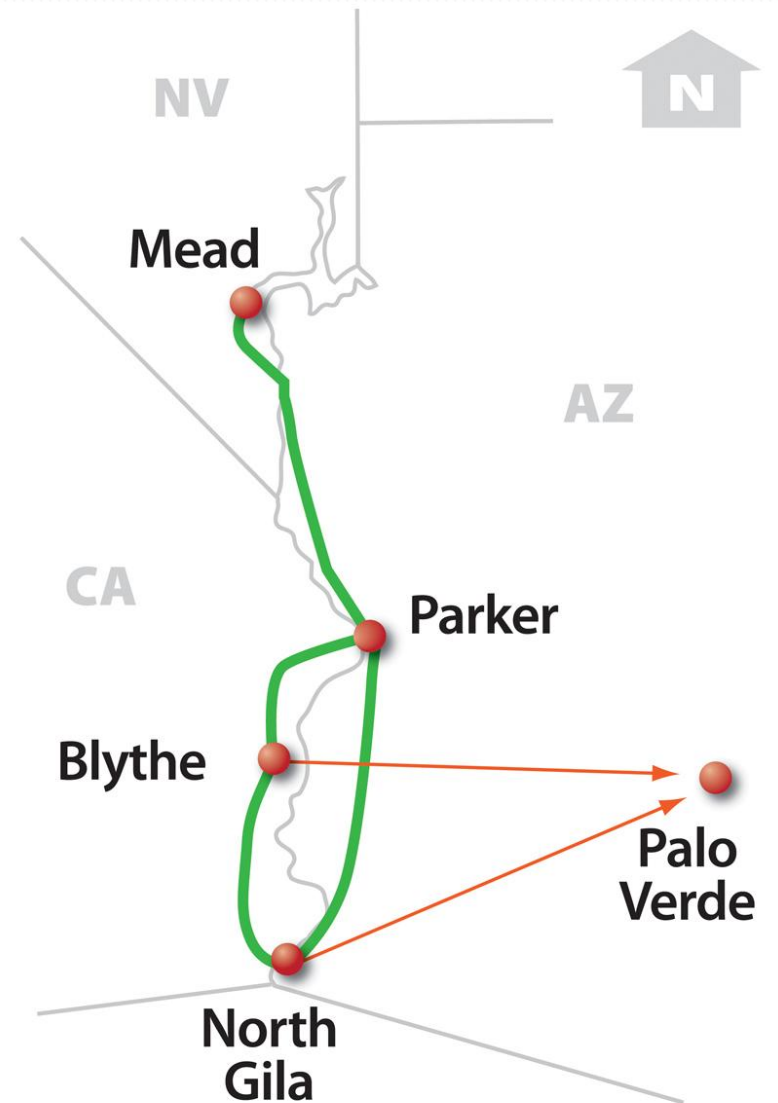
- 500-kV, 110 miles

## C—South of Parker

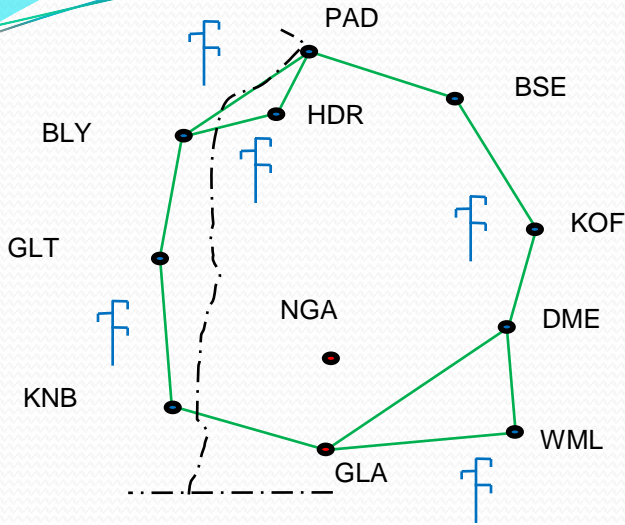
- Potential double circuit, 230/500-kV, 330 miles

## D—North of Parker

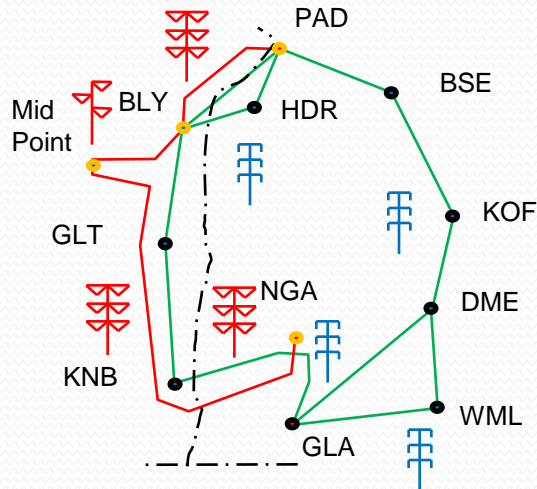
- Potential double circuit, 230/500-kV, 70 miles



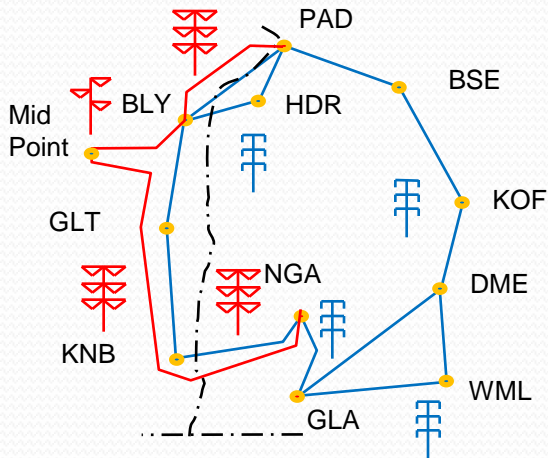
# South of Parker options



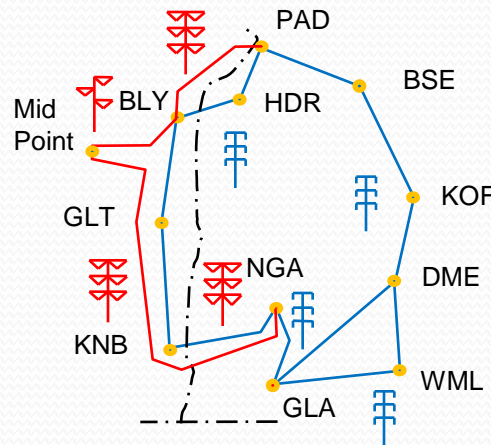
**Option 1**



**Option 2**












**Option 3**

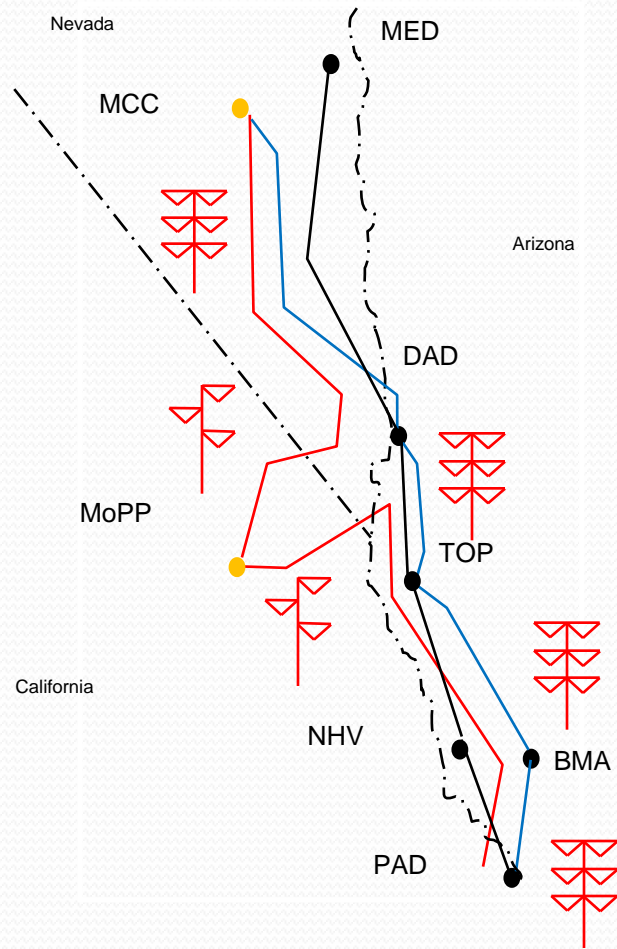


**Option 4**

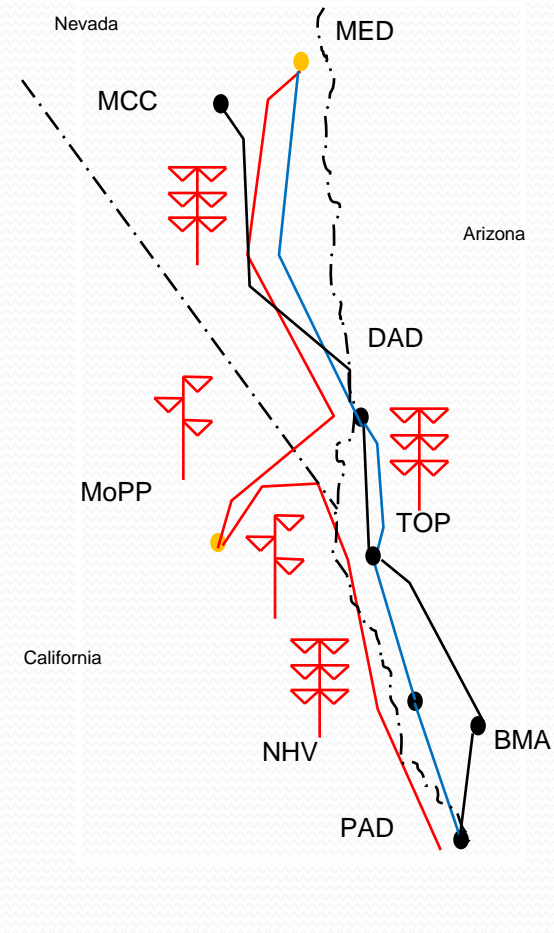
## LEGEND

-  Structure Designed for Single Circuit 500-kV
-  Structure Designed for Double Circuit 500-kV
-  Structure Designed for Single Circuit 230-kV
-  Structure Designed for Double Circuit 230-kV
-  Operated at 161-kV, One Circuit Installed
-  Operated at 230-kV, One Circuit Installed
-  Operated at 500-kV, One Circuit Installed
-  No Substation Work Required
-  Substation Work Required

# North of Parker options



Option 1



Option 2

# For More Info

**Craig Knoell, Acting TIP Manager**

E-mail: [txprogram@wapa.gov](mailto:txprogram@wapa.gov)

Online: [www.wapa.gov/recovery](http://www.wapa.gov/recovery)

Phone: 720-962-7710

**Theresa Williams, DSW TIP Manager**

Phone: 602-605-6828

E-mail: [twilliam@wapa.gov](mailto:twilliam@wapa.gov)

**LaVerne Kyriss, Senior Planning Advisor**

Phone: 720-962-7170 M: 303-570-8226

E-mail: [kyriss@wapa.gov](mailto:kyriss@wapa.gov)



# Western background

# Who we are and what we do

- One of four Federal power marketing administrations
  - DOE agencies
- Own about 17,000 miles of transmission lines
- 15 states
- Market power from 56 Federal hydropower plants and one coal-fired plant with 10,000+ MW of capacity



# Western's core mission

By law, Western markets power “..in such a manner as to encourage the most widespread use at the lowest possible rates to consumers consistent with sound business principles...”

--Flood Control Act  
of 1944



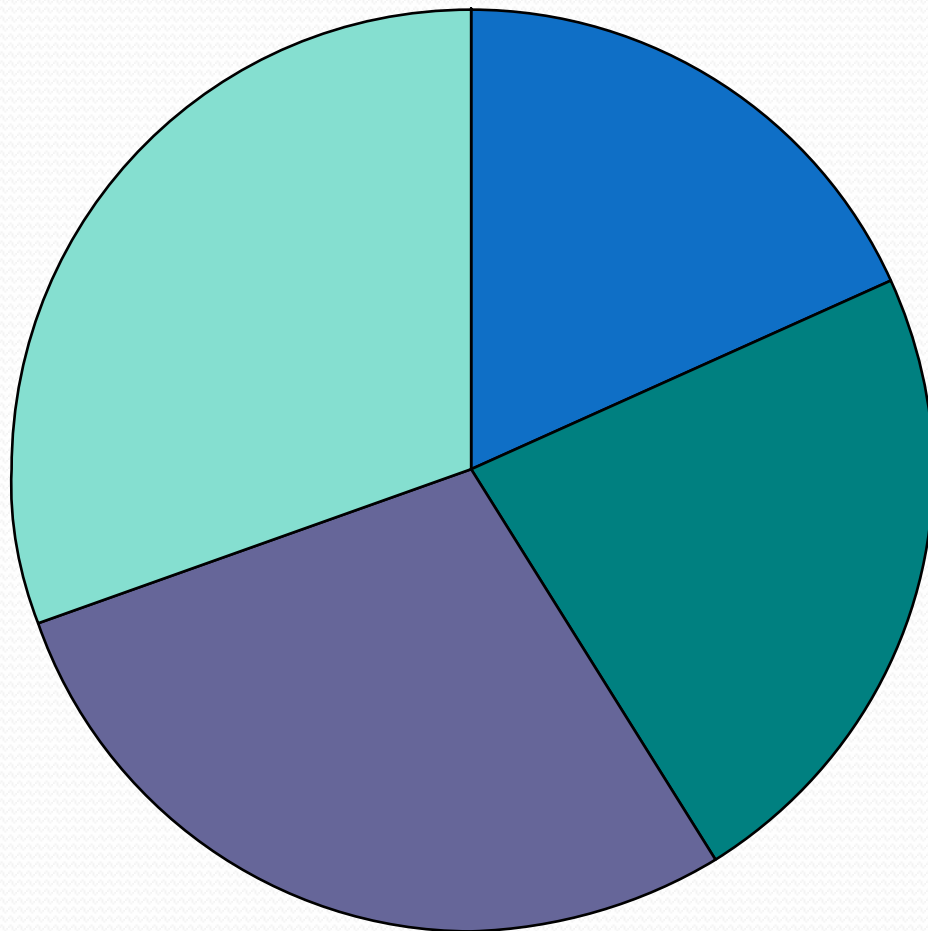
# Original power marketers

- Hydropower plants owned and operated by:
  - U.S. Army Corps of Engineers
  - US Bureau of Reclamation
  - U.S. International Boundary and Water Commission
- Reclamation projects mainly authorized for flood control and *irrigation*
- Corps projects mainly authorized for flood control and *navigation*
- Western created in 1977 by the DOE Organization Act
  - Since then, own project transmission systems
  - Always had open access; market ATC through our OATT

# “Preference”

- Sell firm power and energy to public entities across service territory; project-specific marketing plans and rates
- Entities have special legal standing (preference) that allows them first option to purchase power from Western
- 670 preference customers:
  - ✓ municipal utilities
  - ✓ public utility districts
  - ✓ State agencies
  - ✓ Native American tribes
  - ✓ rural electric cooperatives
  - ✓ Federal agencies
  - ✓ irrigation districts

# FY 2009 Program: \$1.07 B



- Regular Appropriations**
- Revolving Fund**
- Alternative Financing**
- Use of Receipts**